

902255

DUPLICATE ORIGINAL
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Form for Leasing or Licensing
Rev. 11-12-69

BOOK 1632 PAGE 150

SURFACE OWNER'S AGREEMENT

THIS AGREEMENT, made and entered into this 28th day
of July, 19 70, by and between FRANK HARTNAGLE,
a married man, of Longmont, Colorado

(hereinafter for convenience called the "Land Owner"), party of
the first part, and UNION PACIFIC RAILROAD COMPANY (hereinafter
for convenience called "Union Pacific"), party of the second part:

W I T N E S S E T H:

RECITALS:

Land Owner is the owner of the following described
premises, hereinafter referred to as "described premises":

The Northwest Quarter (NW $\frac{1}{4}$) and the South Half (S $\frac{1}{2}$)
of Section Thirty-five (35), Township One (1) South, Range
Sixty-four (64) West of the Sixth Principal Meridian, Adams
County, Colorado.

SEP 30 11 14 AM '70

WILLIAM SOKOL
COUNTY CLERK
ADAMS COUNTY, COLO.

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SUBJECT, however, to exceptions and reservations of minerals and
rights of entry and of surface use contained in a certain deed
or deeds of conveyance, as follows: Warranty Deed No. 3075 dated
October 21, 1909, from The Union Pacific Land Company to Leslie
E. Francis, recorded November 8, 1909, in Book 25 at Page 225, in
the office of the County Clerk and Recorder of Adams County,
Colorado.

Union Pacific Railroad Company is the successor in interest
to The Union Pacific Land Company.

Union Pacific has leased or licensed or proposes to
lease or license the described premises under an oil and gas lease
or license for the production of oil, gas, and other hydrocarbon
substances, and lessee or licensee, with the consent of Union
Pacific may, during the terms of the lease or license, commit
the described premises to a unit agreement whereby the described
premises with other lands will be developed and operated for the
production of oil and/or gas as a unit.

AGREEMENT:

NOW, THEREFORE, it is mutually understood and agreed between the parties hereto as follows:

Section 1. In consideration of the mutual benefits and of the sum of Ten Dollars (\$10) paid by Union Pacific to the Land Owner, receipt whereof is hereby acknowledged, the Land Owner hereby confirms, extends, and grants to Union Pacific, its lessees, licensees, successors and assigns, the easements and rights to enter upon the described premises and to drill, construct, maintain and use upon, within, and over said premises, all oil wells, gas wells, derricks, machinery, tanks, drips, boilers, engines, pipe, power and telephone lines, water wells, roadways, and without limitation by reason of the foregoing enumeration, any and all other structures, equipment, fixtures, appurtenances, or facilities (all the above being included under the term "facilities") necessary or convenient in prospecting and developing for, producing, storing, transporting and marketing oil, gas, and other hydrocarbon substances under or produced from any portion of the described premises, or under or produced from any participating area in which the described premises in whole or in part are included as participating acreage under a unit agreement, together with the right to remove said facilities and the right to use such water as may be needed from the described premises, not including water from Land Owner's wells.

Section 2. Union Pacific agrees, so long as it is receiving oil and/or gas production from or oil and/or gas royalties upon production from the described premises, to pay or cause to be paid to the Land Owner the value on the premises of two and one-half per cent (2½%) of all the oil and gas hereafter produced, saved, and marketed therefrom, except oil and gas used in operations on the premises, and except that as to casinghead gasoline and other products manufactured from gas there shall be deducted the cost of manufacture; provided, however, should the lessee or licensee at any time include the described premises, or any portion thereof, under a unit agreement, to which inclusion Land Owner hereby consents, within the boundaries of a participating area or areas, with Union Pacific's royalties as to said lands so included, computed on the quantity of production apportioned thereto under such unit agreement or plan rather than upon the basis of actual production, then the two and one-half per cent (2½%) above set forth, payable to the Land Owner with respect to the same lands so included, shall likewise be applied to the production so apportioned under the unit agreement.

When production of oil from lands under several surface ownerships is commingled in one central tank setting for practical operating reasons, periodic individual well tests may be made to compute the quantities of commingled oil properly allocable to each well, and the two and one-half per cent (2½%) royalty provided herein shall be payable upon the quantities apportioned to each well as reported to Union Pacific in full satisfaction of the royalty obligations hereunder.

Section 3. Nothing herein contained shall be construed as a covenant to drill by Union Pacific, its lessees, licensees or unit operator under a unit agreement or as a grant to Land Owner of oil or gas rights.

Section 4. Union Pacific agrees (a) to pay for all damage to the Land Owner's lands, buildings and growing crops caused by the erection or construction of facilities to be used in connection with oil or gas operations; (b) that all pipe lines shall be buried below plow depth where such lines cross cultivated land; and (c) that where there are fences, to construct gates therein where necessary for Union Pacific, or its licensees or lessees, to cross same, and to keep such gates in repair and closed.

Section 5. Other than the payments to be made as aforesaid, the Land Owner shall not be entitled to any other or additional payments as a result of the conduct of drilling, mining or producing operations upon the described premises.

Section 6. Subject to the provisions of Section 8 hereof, it is agreed that the covenants to pay the sums provided in Sections 2 and 4 hereof shall be covenants running with the surface ownership of the described premises and shall not be held or transferred separately therefrom, and any such sums payable under Section 2 hereof shall be paid to the person or persons owning the surface of the described premises as of the date the oil or gas production is marketed. Union Pacific shall not, however, become obligated to make such payments to any subsequent purchaser of the described premises and shall continue to make such payments to the Land Owner until the first day of the month following the receipt by Union Pacific of notice of change of ownership, consisting of the original or certified copies of the instrument or instruments constituting a complete chain of title from the Land Owner to the party claiming such ownership, and then only as to payments thereafter made.

Section 7. The easements, rights, and uses herein shall be binding upon the described premises and each and every part thereof, and the present and future owners thereof, and shall continue for the benefit of the present or future owners of the oil and/or gas rights in the described premises and each and every part thereof, and their lessees and licensees, and during the life of any unit agreement, if the lands be committed thereto, for the benefit of the lands within the unit area.

Section 8. This agreement and the easements, rights and uses granted herein shall terminate upon the termination of the lease, license, or unit agreement, if the lands be committed thereto, which ever shall last terminate; provided, however, that such termination shall neither affect nor terminate the rights expressed or implied in the deed or deeds given by Union Pacific or its predecessor or predecessors in interest.

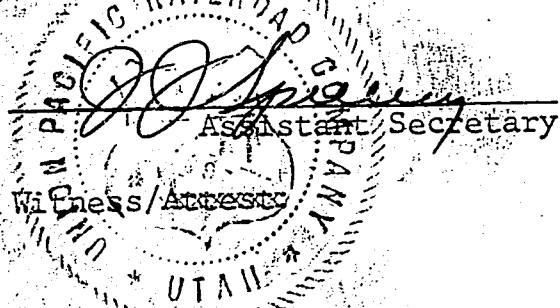
Section 9. This agreement shall be binding upon the successors and assigns of the parties hereto.

~~Section 10. _____, wife of~~
the above-named Land Owner, does hereby join with her husband in
the execution of the foregoing agreement, hereby releasing and
waiving all right of homestead and dower in and to the lands
~~above described.~~

IN WITNESS WHEREOF, the parties hereto have executed
this agreement the day and year first above written.

Attest:

UNION PACIFIC RAILROAD COMPANY



By

W. A. Mami
General Manager Property

Frank Hartnagle
FRANK HARTNAGLE - Land Owner
Frank

~~Witness/Attest~~

1035 124

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Approved as to form:

H. F. Cragg
General Solicitor

Approved as to execution:

J. J. Connor
Attorney

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INDIVIDUAL ACKNOWLEDGMENT

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State of Colo.)
County of Boulder) ss

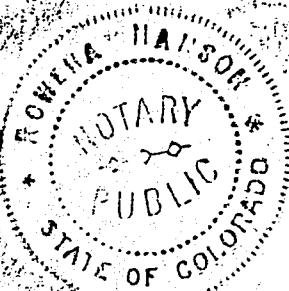
On this 28 day of July, 1970,

before me personally appeared FRANK HARTNAGLE,
to me known to be the person described in and who executed the
foregoing instrument, and acknowledged that he executed the same
as his free act and deed.

My commission expires September 15, 1973

Rosema Hanson
Notary Public

Residing at Longmont, Colo.



INDIVIDUAL ACKNOWLEDGMENT

State of)
County of) ss

On this _____ day of _____, 19____,

before me personally appeared _____,
to me known to be the person described in and who executed the
foregoing instrument, and acknowledged that _____ executed the same
as _____ free act and deed.

My commission expires _____

Notary Public

Residing at _____